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FM SECSTATE WASHDC
TO AMEMBASSY BEIJING IMMEDIATE

S E C R E T STATE 049749

E.O. 12958: DECL: 04/11/2032
TAGS: PARM PREL MNUC IR CH

SUBJECT: (S) SHIPMENT OF SODIUM PERCHLORATE, AMMUNITION,
AND FUZES FROM CHINA TO IRAN

Classified by: EAP DAS Thomas Christensen, Reasons 1.4 (b),
(c), and (d)

¶1. (S) ACTION REQUEST: Post is requested to approach appropriate Chinese officials regarding the transfer of subject items to Iran by Chinese entities. Post may draw from background, objectives, or talking points/non-paper below.

BACKGROUND

¶2. (S) We have received information that the Chinese entity Dalian Zhongbangxinyu Import and Export Company is shipping sodium perchlorate to Iran's OMID Research and Industrial Company aboard the vessel "Iran Yamin." OMID is associated with Iran's Shahid Bakeri Industrial Group (SBIG). SBIG is

Iran's primary developer of solid-fuelled ballistic missiles, and, as an entity designated under UN Security Council resolution 1737 for missile proliferation reasons, is subject to a mandatory, international asset freeze.

¶3. (S) Sodium perchlorate, while not controlled by the Missile Technology Control Regime (MTCR), can be used to produce ammonium perchlorate, an oxidizer used in solid-propellant ballistic missiles and rocket motors. Operative Paragraph 4(b) of UNSCR 1737 decides that States should prevent the supply, sale, or transfer of items to Iran, even if not included in the MTCR, if the State determines that they would contribute to the development of nuclear weapon delivery systems.

¶4. (S) We also have information that the Chinese firm Beijing Eastern Sunlight International Trade, Ltd loaded a cargo of spare parts, 7.62 mm ammunition, and fuzes, also aboard the "Iran Yamin" at Dalian. Beijing Eastern Sunlight International Trade is another name used by the firm China Xinshidai Company, a firm which has been involved in proliferation-related activities in the past.

¶5. (S) The notify party for the shipment of ammunition and spare parts is Three Stars Service (TSS) Company, which is associated with Iran's Sanam Industrial Group (SIG). SIG is an organization designated under Annex I of UN Security Council resolution 1747 and is similarly subject to a mandatory, international asset freeze. Transfer of ammunition, which is controlled under the Wassenaar Arrangement, also would trigger reporting requirements to the U.S. Congress under the Iran, North Korea and Syria Nonproliferation Act (INKSNA) and possible recommendations for sanctions.

OBJECTIVES

¶6. (S) Post should seek to:

-- Encourage Chinese authorities to investigate the entities involved in these shipments and report their findings.

-- Illustrate to Chinese authorities that these shipments are inconsistent with UN Security Council Resolutions 1737 and 1747, and could contribute to Iran's development of nuclear weapon delivery systems in contravention of both resolutions.

--Encourage Chinese authorities to recall the shipments.

--Note the potential applicability of the Iran, North Korea and Syria Nonproliferation Act (INKSNA) to this shipment.

REPORTING REQUIREMENT

¶17. (U) Please report delivery of points/non-paper and any immediate response by April 19.

TALKING POINTS/NON-PAPER

¶18. (S/REL China) Begin talking points/non-paper:

-- In the spirit of our nonproliferation cooperation, we would like to bring to your attention a potential shipment to Iran of chemicals, ammunition and fuzes from the Chinese entities Dalian Kingfound International Trade Company, Dalian Zhongbangxinyu Import and Export Company, and Beijing Eastern Sunlight International Trade Ltd.

-- Specifically, we have received information that Dalian Zhongbangxinyu Import and Export Company, is shipping sodium perchlorate to Iran's OMID Research and Industrial Company.

-- OMID Research and Industrial Company is associated with Iran's Shahid Hemmat Industrial Group (SBIG). SBIG develops solid-fuelled ballistic missiles for Iran's ballistic missile program and, as an entity designated under UN Security Council Resolution 1737 for missile proliferation reasons, is subject to a mandatory, international asset freeze.

-- Sodium perchlorate is not controlled by the Missile Technology Control Regime. However, it can be used to produce ammonium perchlorate, an oxidizer used in solid-propellant ballistic missiles and rocket motors, and states are required to take the necessary measures to prevent support to Iran's ballistic missile program under paragraph 3 of UNSCR 1737.

-- The cargo is to be shipped on the Iranian-flagged vessel "Iran Yamin" in 20-foot containers. Our information indicates that this cargo loaded at the port of Dalian on March 30, and its scheduled port of discharge is Bandar Abbas, Iran. The "Iran Yamin" is scheduled to arrive at Bandar Abbas on April 19.

-- Dalian Zhongbangxinyu Import and Export Company apparently is part of Dalian Zhongbang Chemical Industry Co., located at No. 36 Xinyi St., Ganjingzi District, Dalian 1116039. The standard telegraphic codes for Zhongbangxinyu are 0022 6721 9515 6235.

-- As you know, Operative Paragraph 4(b) of UNSCR 1737 gives States the authority to stop such transfers, even if the item or material in question is not included in the MTCR Annex or NSG Guidelines, if the State determines that they would contribute to the development of nuclear weapon delivery systems.

-- Additionally, given its end user, we would urge China to use its catch-all export controls to halt or recall the transfer of this material.

-- We also would like to call your attention to a shipment of ammunition and fuzes, also loaded on the Iran Yamin in Dalian. Our information indicates that Beijing Eastern

Sunlight International Trade, Ltd., which is another name used by the China Xinshidai Company, loaded 56 20-foot containers, containing spare parts and probably 7.62 mm ammunition.

-- Beijing Eastern Sunlight International Trade, Ltd. is located at No. 306 Shidaii Yucheng Mansion, 12 Huayuan Rd., Haidian District, Beijing. The company's Chinese name is Beijing Dongang Shenglan Guoji Maoyi Yourxian Gongsi, and the standard telegraphic codes for Dongfang Shenglan are 2639 2455 0524 6031.

-- The notify party for this shipment is the TSS Company. TSS is associated with the Sanam Industrial Group (SIG), which is an organization designated under Annex I to UN Security Council resolution 1747 and is similarly subject to a mandatory, international asset freeze.

-- We also want to remind you that the Chinese companies involved in these transfers could run afoul of U.S. law, specifically the Iran, North Korea, and Syria Nonproliferation Act, that prohibits transfer to Iran of items on a multilateral control list, or that have the potential to contribute materially to WMD, missile, or certain other weapons programs in Iran.

-- In light of UNSCRs 1737 and 1747, and the proliferation threat that this material presents, we request that you take all necessary action to investigate, and if possible, recall these shipments.

END POINTS.

¶9. (U) Washington point of contact for follow-up information is Mark Felipe, (202) 647-5376, felipem2@state.sgov.gov. Please slug all responses for EAP, ISN, NEA, and T. Washington thanks Post for its assistance.
RICE

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End Cable Text